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S E C R E T SECTION 01 OF 02 THE HAGUE 002597

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SUBJECT: NETHERLANDS/BALKENENDE: PM OPTIMISTIC ABOUT THE  
FUTURE

REF: THE HAGUE 2544

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Classified By: AMBASSADOR ROLAND E. ARNALL FOR REASONS 1.4(B/D).

¶1. (S) SUMMARY: During a December 12 meeting with Ambassador Arnall, Dutch Prime Minister Jan Pieter Balkenende expressed satisfaction with his party's strong performance in the November elections, and predicted a centrist-coalition government could be in place by February. According to Balkenende, the Dutch two-year commitment to Uruzgan will not be affected by ongoing coalition negotiations, and will be honored by the next government. Having raised Dutch concerns with Iranian Foreign Minister Mottaki on December 7, Balkenende expressed irritation with the Iranian's "diplomatic speech" and his "unacceptable" comments on the Holocaust. Separately, Balkenende's senior foreign policy advisor confirmed that the Prime Minister is directly engaged in trying to resolve Shell's ongoing dispute with the Russian government over Sakhalin, and claimed the Russians are "trying to squeeze us like a lemon." Despite the uncertainty about the next government, Balkenende appeared comfortable with the current situation, optimistic about the future, and confident in his leadership role. END SUMMARY.

CENTRIST GOVERNMENT BY FEBRUARY?  
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¶2. (C) Ambassador Arnall complemented the Prime Minister on

his successful election campaign. Balkenende acknowledged that he had -- once again -- defied expectations by leading the Christian Democrats (CDA) to remain the largest party in Parliament, when "six months ago, everyone expected the next Prime Minister to be Wouter Bos" (head of the opposition Labor Party, or PvdA). The recent elections had overturned many assumptions about Dutch politics; the CDA, for example, had done better than usual among young voters and in urban areas than in the past. Unfortunately, however, the electorate's unexpected swing to the extreme right -- Geert Wilders' Freedom Party (PVV) and extreme left -- Jan Marijnissen's Socialist Party (SP) -- was now complicating the process of forming a coalition. Balkenende's preferred coalition partner -- the conservative Liberal Party (VVD) -- had run a bad campaign and suffered from internal power struggles, so was no longer in the running.

13. (C) Balkenende said he was "not unhappy" that attempts to form a coalition with PvdA and SP had collapsed, since there was no realistic chance of CDA and SP governing together. This opened the door to the possibility of a "centrist" coalition between CDA, PvdA, and one of the smaller parties -- most likely Christian Union or GreenLeft. Balkenende suggested that such a coalition could be in place by February, although this would depend on how long it took for Wouter Bos to convince his membership to support such a coalition; the process could conceivably drag on past the provincial elections in March. Although he clearly felt that it was up to the PvdA to make most of the concessions necessary to join a coalition government, Balkenende acknowledged that the SP's surprisingly strong showing posed a real dilemma for the PvdA leadership, since they now faced a serious challenger on their left flank.

#### AFGHANISTAN COMMITMENT REMAINS FIRM

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14. (C) Ambassador Arnall asked Balkenende how the coalition negotiations might impact the Dutch deployment to Uruzgan. Balkenende responded emphatically that it would be "impossible" for a future government to renege on the two-year Dutch commitment to the region. The fact that SP wanted to withdraw Dutch forces sooner, he added, was one reason why the CDA could not join them in a coalition government. PvdA, he said, had the same view as the CDA in this regard, as they had supported the original decision to deploy troops for two years.

15. (C) Turning to the Riga summit, Balkenende said that he was generally pleased that NATO had sent a strong signal of support for the Afghan mission. The willingness of some countries, such as Norway and Poland, to increase their contributions was also encouraging. On the other hand, Balkenende expressed concern about Canadian Prime Minister Harper's domestic political situation and its possible impact on the Canadian deployment to the south. He noted that he had also had intense discussions with German Chancellor Merkel, who had made clear that German forces would be available to support others in extremis.

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#### "STRANGE" MESSAGE FROM IRANIAN FOREIGN MINISTER

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16. (C) Balkenende described his short December 7 meeting with visiting Iranian Foreign Minister Mottaki as "strange." He had raised Iran's destabilizing role in the region, support for terrorism, human rights violations, and nuclear ambitions. On the latter, Balkenende stressed that Iran must comply with its IAEA obligations if it is serious about negotiating a positive outcome to the current situation. Mottaki, according to Balkenende, had responded with non-substantive "diplomatic speech." More disturbingly, in their discussion on the Middle East, Mottaki had made comments on the Holocaust which Balkenende found "irritating," "terrible," and "absolutely unacceptable." Although the Netherlands has a good economic dialogue with Iran, Balkenende concluded, he had sent a "very clear" message about Dutch concerns.

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17. (S) As Ambassador Arnall was leaving Balkenende's office, Karel van Oosterom -- Balkenende's senior foreign policy and defense advisor -- confided that Balkenende was following closely Shell's ongoing dispute with the Russian government over Sakhalin. Van Oosterom dismissed recent press reports claiming the issue was settled, saying their release was just a Russian negotiating tactic. Shell, he stressed, has not agreed to any settlement; on the contrary, the chairman of Shell had visited van Oosterom that day to complain that the Russians had given him ""an offer he couldn't refuse."" Van Oosterom -- who served in China previously -- joked that, while the Chinese could ""threaten with a straight face,"" the Russians ""laugh when they give an ultimatum -- then tell you what they really want."" He reiterated that the Dutch were not impressed with the ""mafia-style"" Russian approach and understood that Russia wanted to ""squeeze Shell like a lemon."" On the other hand, Russia was in a much stronger position now than when the original deal was signed, and knew it. Van Oosterom did not speculate on what next steps might be, but stated that Shell and the Prime Minister were now ""studying"" the Russian proposal.

COMMENT:

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18. (C) Balkenende joked at the start of the conversation that he is currently holding three jobs -- Prime Minister, CDA faction leader in Parliament, and chief CDA negotiator in the coalition talks. If this situation is causing him stress, however, he did not let it show during the meeting. On the contrary, Balkenende was clearly in command of his portfolio and seemed positively invigorated by the challenges before him. He also obviously relishes the prospect of heading the next Dutch government -- which would be his fourth in as many years. Once dismissed as a ""Harry Potter"" clone with no charisma, Balkenende has made a career out of defying expectations -- and appears, once again, to have proven his doubters wrong.

ARNALL